



News from

Congressman Ron Kind

REPRESENTING WISCONSIN'S THIRD
CONGRESSIONAL DISTRICT

1406 Longworth House Office Building • Washington, D.C. 20515 • (202) 225-5506

FOR IMMEDIATE RELEASE
November 3, 2005

Contact: Stephanie Lundberg
Phone: 202-225-5506

Kind Efforts to Stop the Raid on Student Aid

*New CBO Analysis Documents Substantial Cost Hikes for 138,000
Wisconsin Student Borrowers Under Republican Budget Bill*

Washington, DC –Next week, the House of Representatives will vote on a package of budget cuts that includes \$14.3 billion in overall cuts to the federal student aid programs over the next five years—the largest cut ever to student aid. Included in these cuts are nearly \$8 billion in new charges that will raise the cost of college loans for 138,000 student borrowers in the state of Wisconsin alone. U.S. Rep. Ron Kind (D-WI) led efforts today in the House Budget Committee to amend the budget in a deficit-neutral way to eliminate all new student-paid fees that increase the cost of receiving a student loan. The motion was defeated on a party-line vote.

At the request of House Education Democrats, including Rep. Kind, the Congressional Budget Office has detailed how these \$8 billion in new charges to student and parent borrowers are achieved. According to CBO's analysis, the new charges to students and families in the Republican bill break down in this way:

- \$5.46 billion in new charges to student and parent borrowers when they consolidate their college loans;
- \$1.82 billion in new taxes on student loans for both student and parent borrowers; and,
- \$505 million in new charges on student and parent loans by repealing current law, which sets the maximum student loan interest rate at 8.25 percent and the maximum parent loan interest rate at 9 percent.

“The ‘Raid on Student Aid’ is picking the pockets of students even more than we initially thought,” said Rep. Kind, a member of the House Education Committee. “This bill will force the average student borrower, already saddled with \$17,500 of debt, to pay as much as \$5,800 in interest and taxes over the life of his or her loan. Instead of making drastic cuts to higher education, we should be investing more in the skills of a new generation of students so they succeed in today’s global marketplace and make America’s economy stronger.”

For more information on the Raid on Student Aid and Democratic ideas for making college more affordable at no new taxpayer expense, visit:
<http://edworkforce.house.gov/democrats/109th/raidonstudentaid.html>.